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**As economic optimism hits 3-month high, shutdown worries loom**
By Rob Burgess
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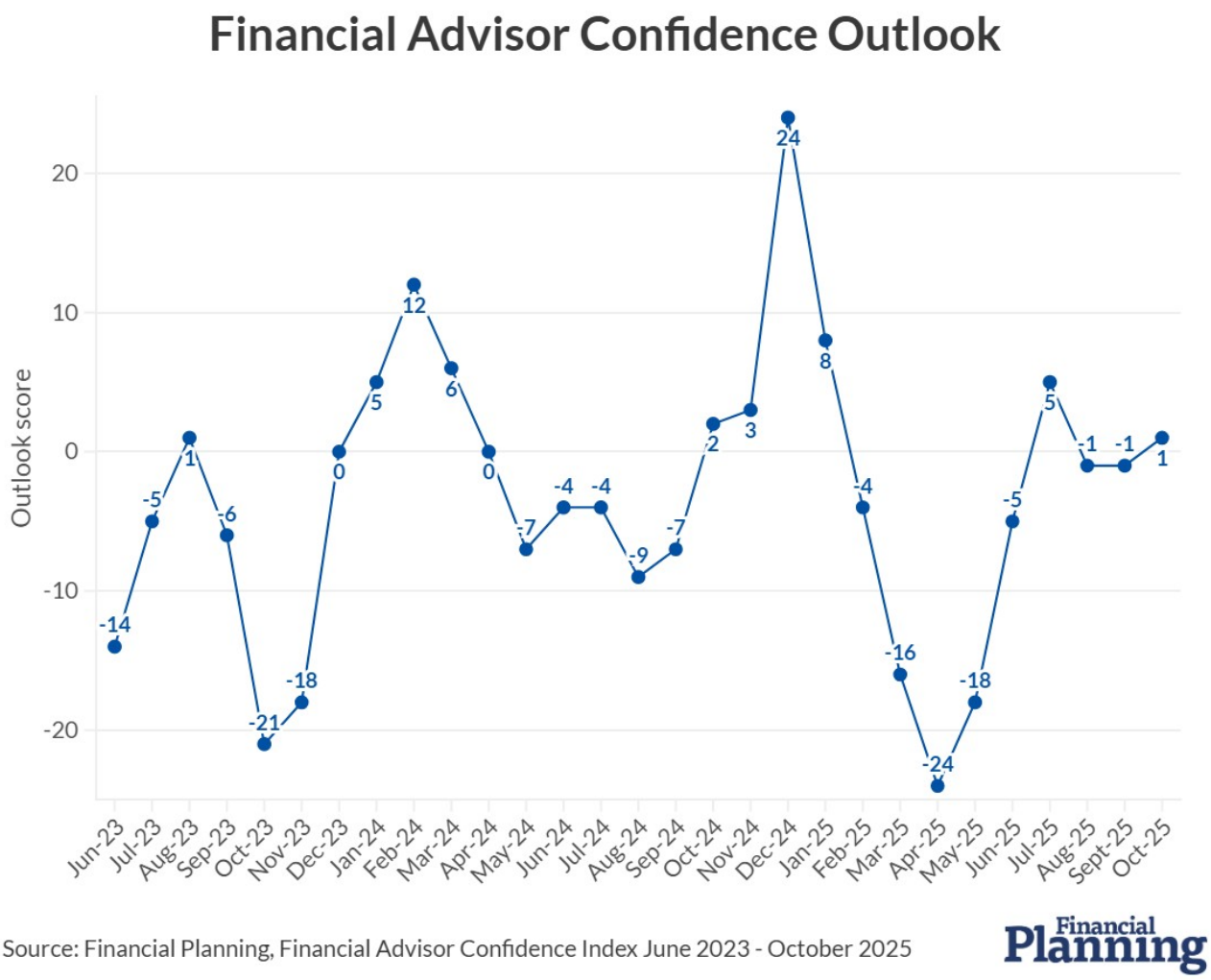
Optimism among financial advisors about the overall economy and practice performance is up this month, driving a slight positive shift in sentiment.

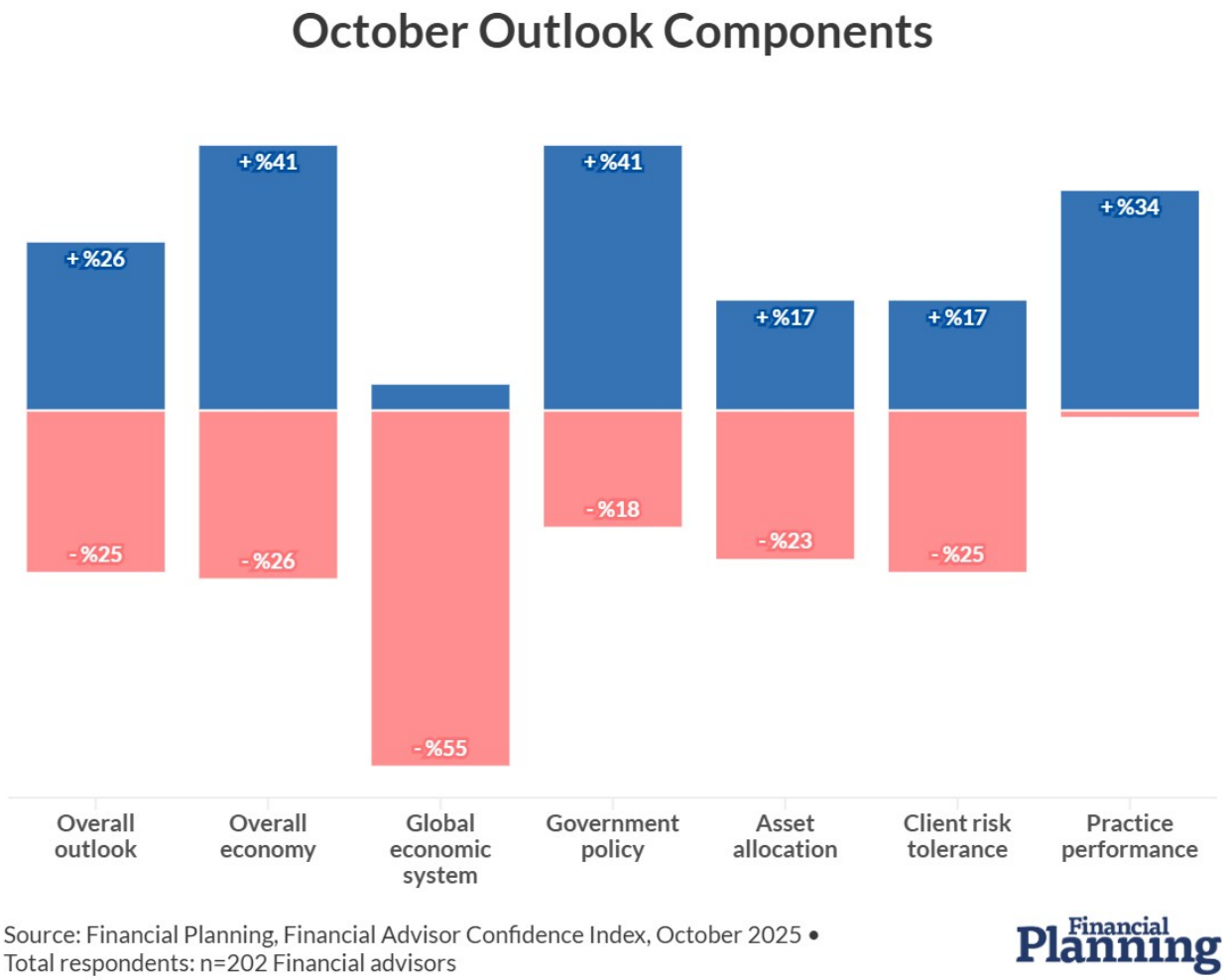
That's according to Financial Planning's October Financial Advisor Confidence Outlook (FACO), a survey of advisors and planners that measures confidence in the economy and other factors on a scale of minus-100 to 100.

In recent months, respondents have expressed cautious optimism about the prospects of Federal Reserve interest rate cuts and the stock market, along with feelings of unease about other factors, including sticky inflation, tariffs and a stagnant job market.

The overall FACO sentiment for this month was in positive territory for the first time since July, as the score rose from minus-1 in September to 1 in October.




Confidence in the overall economy was also the highest since July, rising from a score of 9 in September to 15 in October.




The timing of Wall Street's current climb couldn't have been better for James Norris Eppes, founder and financial advisor with Eppes Wealth Management in Satellite Beach, Florida.

"It's been great to see stocks hit record highs, especially as this has happened concurrently with our firm's fall financial planning meetings," he said, outside of the survey. "Clients have understandably been excited at their portfolios' performance since the market's April lows."

Eppes said it's been a priority to prepare clients' portfolios and emergency funds for the eventuality of a correction, though.

"Stocks either go up and then down or down and then up, and the risk to me seems tilted toward the latter," he said.

The weakened state of the job market has also been felt acutely by Eppes' client base, some of whom were recently affected by layoffs and a reduction in part-time hours. He said he was concerned that the current government shutdown "is coming at the worst of times."

Indeed, this month, FACO respondents frequently mentioned macroeconomic concerns impacting their business outlook, including government dysfunction, the shutdown, inflation, tariffs, interest rates and the prospect of a recession.

Outside of the survey, experts and advisors said that while the dysfunction in Washington, D.C. is concerning, planning often takes a longer view with clients.

By and large, this feeling of hope is based on adaptability, said Jared Kessler, founder of global foreign exchange market advice platform Forex Broker.

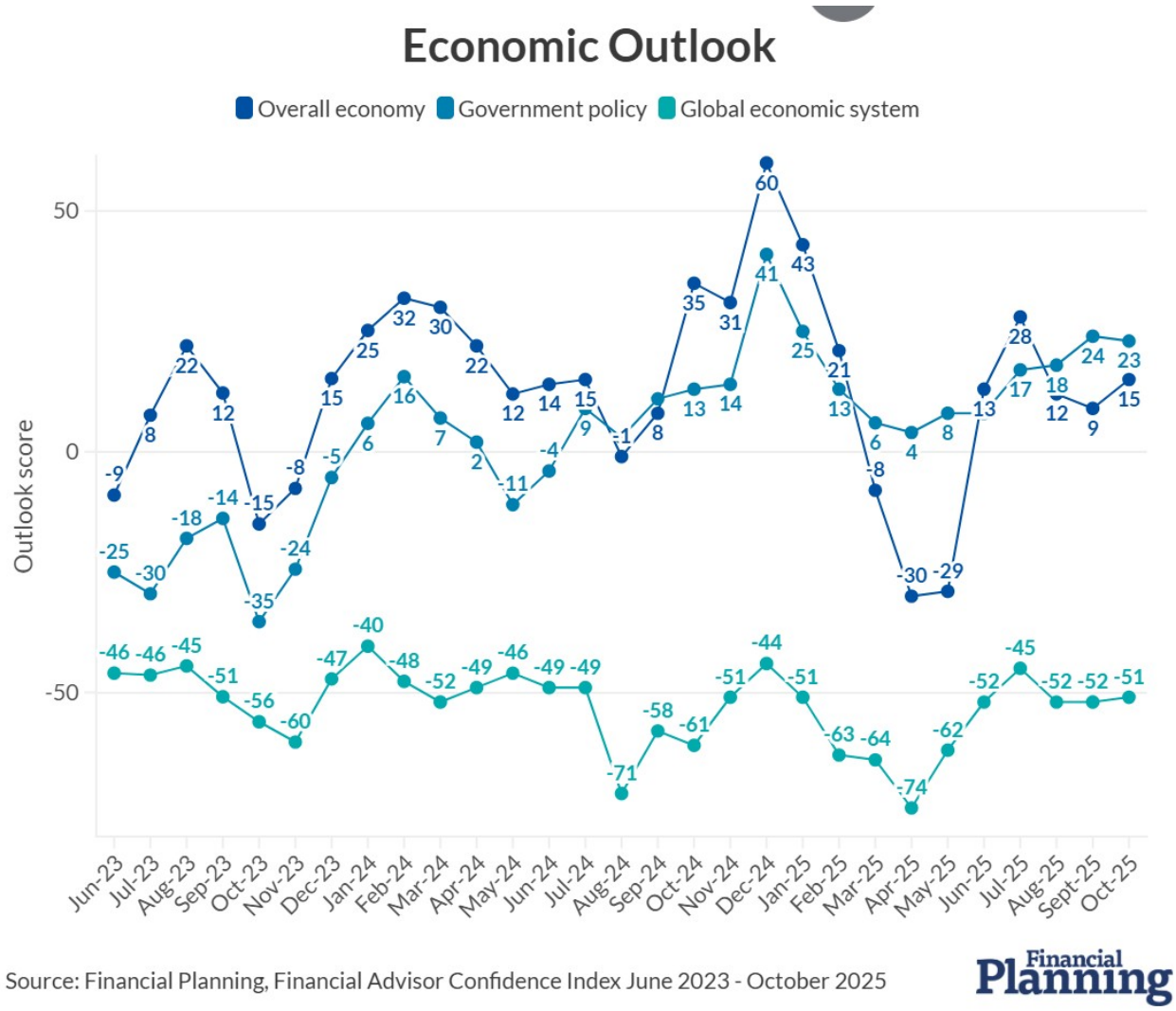
"Advisors know that the macro picture is unclear, but an asset allocation and good client education can ultimately ride out political or inflation-upsetting storms," he said.

**Government shutdown continues**

Many areas of advisor sentiment remained about the same as last month's FACO scores.

Faith in the global economic system was persistently negative, going from a score of minus-52 in September to minus-51 in October.

Government policy confidence also only moved slightly, from a score of 24 in September to 23 in October.




But if the government shutdown, which began Oct. 1, persists, it could have prolonged adverse effects on the economy.

The potential dangers include delayed economic data releases, reduced consumer confidence and disruptions in government services, said John Murillo, chief business officer at global fintech solutions provider B2BROKER in Dubai.

"The longer the shutdown drags on, the greater the likelihood of it denting the feelings of optimism among advisors and investors," he said.

More pain likely needs to be felt before the shutdown can be resolved, said Jon Adams, the chief investment officer of Naperville, Illinois-based Calamos Wealth Management.

"The market is largely shrugging off this shutdown so far," he said. "If it becomes clear that there will be a prolonged shutdown with no clear catalysts for resolution, markets will begin to respond negatively. This potential negative market response could be the catalyst for an end to the shutdown. Our base case

remains that the shutdown will not be prolonged and that we will get some type of health care off-ramp to end it."

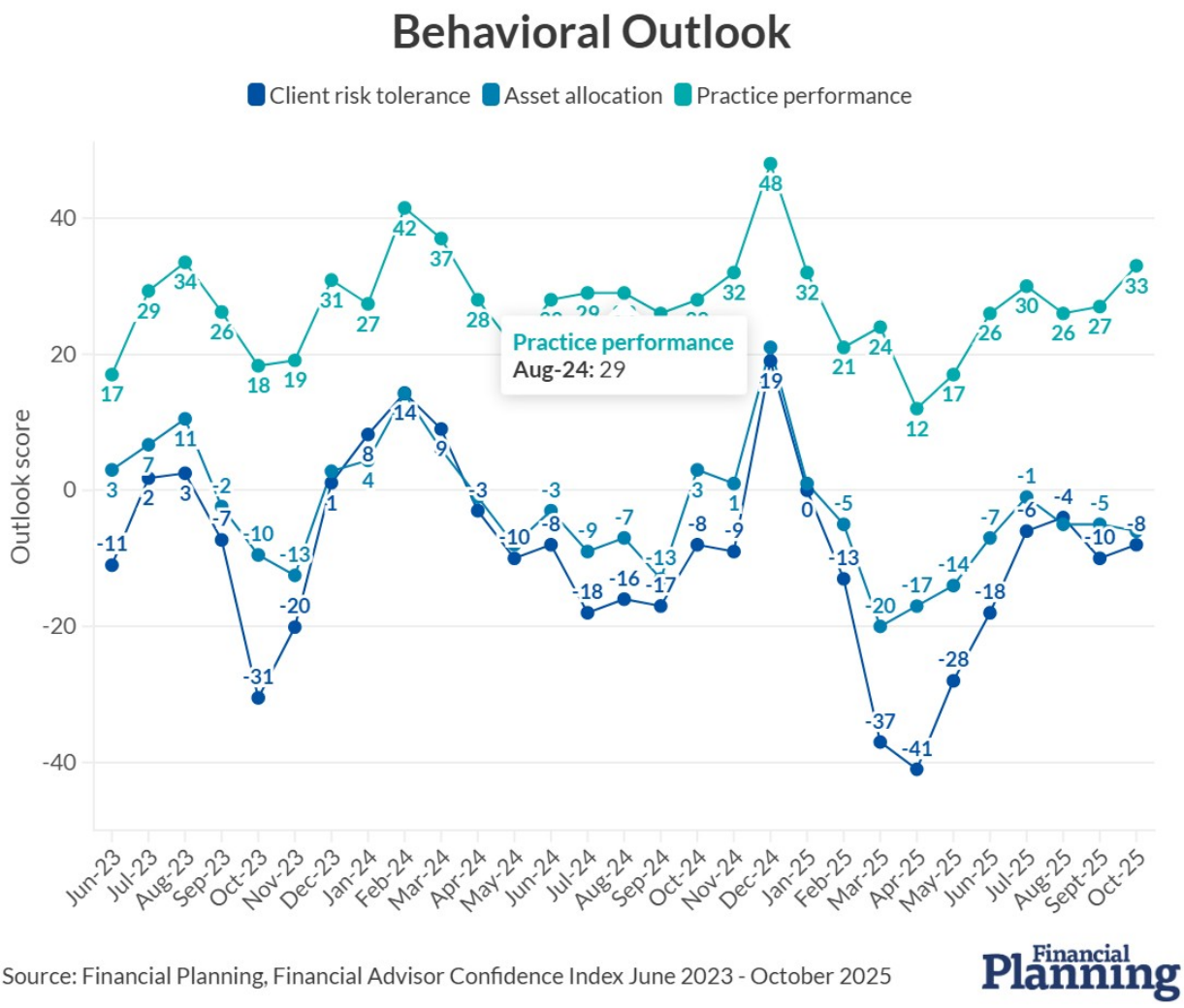
In her view, the story of the shutdown is "greatly overestimated," said Julia Khandoshko, CEO at Mind Money, a European investment technology and financial engineering hub.

"For now, this is more of a typical intraparty game in the Senate than a factor that really affects the markets," she said. "Even if there is a sharp annual decline, it will happen even without the shutdown."

Risk tolerance and practice performance are both up
The October FACO revealed a couple of bright spots in client risk tolerance and practice performance, both of which notched gains.

Client risk tolerance went from a score of minus-8 in September to 2 in October.

And practice performance was also up from a score of 27 in September to 33 in October.




With the One Big Beautiful Bill now passed and the Fed providing some guidance on future rate cuts, there is more of a clear path on those fronts. Though investors must always navigate some uncertainty, all in all, Adams said he feels that the environment now is less uncertain than it was a few months ago.

"That being said, we construct portfolios to be resilient in multiple economic scenarios," he said.

The best advisors act as behavioral coaches, not echo chambers, said Dean Lyulkin, co-CEO of small-business financing firm Cardiff in San Diego.

"The smartest ones are using this environment to gather record assets, not join clients in spreading negativity," he said. "Volatility is a business-development opportunity, if you know how to frame it."

Most importantly, the "current media noise" is an opportunity to proactively communicate with clients, said Dan Pascone, founder and CEO of Tailored Wealth in Fairfield, Connecticut.

"Our plans and portfolios don't change because of headlines, but we intentionally shift more weekly time into client conversations to keep behavior aligned with strategy," he said.